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SUBJECT: NON-DOM TAX ISSUE: WASHINGTON GUIDANCE

REF: LONDON 475

¶1. Per refel, post requested guidance on proposed talking points to respond to questions from H.M.Treasury (HMT) regarding the proposed taxation of non-domiciled foreigners in the UK, including Americans. As post noted, Amcits are chiefly concerned about possible double taxation and timing. Post may use the following, cleared points as guidance.

¶2. Begin points:

-- The U.S. government respects the right of the United Kingdom to tax its citizens and residents in any manner it sees fit. Many long-term, resident American citizens, however, have expressed concern to our Embassy in London about the proposed timeline for implementation of changes to the tax code for non-domiciled residents.

-- The U.S. government supports the requests by its citizens that they be given a reasonable amount of time between the publication of the final legislation and the implementation of the law in order to arrange their financial affairs to suit the new tax rules.

-- A reasonable waiting period between the publication of the final legislation and its implementation would also give the U.S. Treasury time to analyze the changes fully and determine the creditability against U.S. taxes of any new UK tax charges.

-- U.S. tax officials are prepared to discuss with you the U.S. tax issues raised by the proposed charge and answer questions you may have.

End points.

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